WISCONSIN

DEPARTMENT OF WORKFORCE DEVELOPMENT
Division of Economic Support
Bureau of Welfare Initiatives

TO: **Economic Support Supervisors**
Economic Support Lead Workers
Training Staff
FSET Administrative & Provider Agencies
Child Care Coordinators
W-2 Agencies

FROM: Stephen M. Dow
Policy Analysis & Program Implementation Unit
Work Programs Section

BWSP OPERATIONS MEMO

No.: **00-04**

File: **7032**
7060
7199

Date: **01/28/2000**

Non W-2 [ ] W-2 [ ] CC [X]

PRIORITY: URGENT

SUBJECT: **CHILD CARE POLICY CHANGES**

CROSS REFERENCE: Child Day Care Manual
BWSP Operations Memo 99-81 and 99-82

EFFECTIVE DATE: Generally, these changes are effective March 1, 2000. See the discussions for further detail.

PURPOSE

This memo identifies child care policy changes that resulted from the 1999 – 2001 Wisconsin State Budget. In the new budget, there were many child care eligibility and authorization changes that are effective by March, 2000. This Operations Memo identifies these changes as well as the corresponding changes to CARES. A new copay chart that reflects these budget changes is also included in this Operations Memo.

BACKGROUND

The Governor identified several child care changes in his proposed budget. Those changes were in 1999 Wisconsin Act 9, signed Wednesday, October 27, 1999. There are 2 phases for the child care changes in the budget. Phase I was effective immediately upon the signing of the budget, those changes were communicated in Operations Memo 99-81 and 99-82. The Phase II changes require CARES changes and are effective March 1, 2000, as mandated by Act 9. Phase II policy and automation changes are described in this Operations Memo.

POLICY

Phase II budget changes are effective by March 1, 2000. These changes are being implemented in the CARES system on February 18, 2000. Following is a summary of the changes that will be implemented by March 1, 2000, and then a more detailed description of the policy change and it's corresponding automation change in CARES or the Child Care Payment System (CCPS).

1. Increase initial child care eligibility limit to 185% FPL.

2. Use adjusted income of self employed families applying for child care assistance.

3. Do not count the earned income of dependents in a child care assistance group.

4. Do not count child support income in the income eligibility test or copay calculation for child care.

5. Do not use an asset test when determining child care eligibility.

6. Special needs children aged 13 through 18 are eligible for child care.

7. Decrease the maximum copay to 12% of the monthly family income.

8. Implement a part time copay (1/2 of the regular copay) for children in care for 20 or fewer hours a week.

9. Implement a minimum copay for the first month of unsubsidized employment for a W-2 participant.

Remember that these changes are being implemented on February 21, 2000, after adverse action for March. So, agencies may have to run eligibility with March dates (030100) to implement some changes for the month of March.

1. INCREASE INITIAL CHILD CARE ELIGIBILITY LIMIT TO 185% FPL

Effective March 1, 2000, the initial eligibility requirement for child care is 185% Federal Poverty Level (FPL). Prior to this change, it was 165% FPL. On February 21, whenever child care initial eligibility is determined for March or later, the 185% FPL will be used by CARES. The following is a table that displays the 185% FPL for the corresponding family sizes.

Family Size	185% FPL Monthly Income Limit
2	$1705
3	$2140
4	$2575
5	$3009
6	$3444
7	$3879
8	$4314
9	$4748

A new 185% FPL column has been added to CARES table TCCS (Child Care Need Standard) to display the new values that will be used to determine child care eligibility. On or after February 21, when determining initial eligibility for March 2000, or later, screen ECGT will appear as follows.

```
ECGT                    CHILD CARE GROSS INCOME TEST                 03/10/00 11:26

 CASE: 5700169258   CAT: CC    SEQ: 01              WORKER: XCT918      XCTE89 HY D

 DETERMINATION DATE: 03 12 00    AG STATUS: OPEN    ELIGIBILITY STATUS: PASS
 ELIGIBILITY PERIOD BEGIN DATE:  03 01 2000
 ELIGIBILITY PERIOD END DATE  :  03 31 2000

 TESTED AGAINST FPL 185%

          GROSS SELF EMP. INCOME:    +  2000.00
            SELF EMP. ALLOW EXPS:    -   400.00
          ADJ. GROSS SELF EMP. INC:             1600.00
            GROSS EARNED INCOME:     +    00.00
          GROSS UNEARNED INCOME:     +   200.00
           ASSIGNED CHILD SUPPORT:   +     0.00
          COUNTABLE GROSS INCOME:    =  1800.00

                         AG SIZE:          4

               GROSS INCOME LIMIT:      2575.00

THE AG HAS PASSED THE CHILD CARE GROSS INCOME TEST
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Implementation

CARES will use the new income limits on TCCS when determining eligibility for child care applications for March 2000 or later. Agencies are encouraged to review recently denied child care applications that failed for excess income and run eligibility for March if appropriate.

2. USE ADJUSTED GROSS SELF EMPLOYMENT INCOME OF SELF EMPLOYED FAMILIES

Effective March 1, 2000, adjusted gross self employment income will be used when determining the financial eligibility of self employed families for child care eligibility. Adjusted self employment income is determined by subtracting allowable self employment expenses from the gross self employment income. Examples of self employment expenses that are <u>not</u> allowable are: depreciation expenses, personal business and entertainment expenses, personal transportation costs, purchases of capitol equipment and payments on the principal of loans.

To calculate child care self employment income use the net self employment income from the IRS tax forms and add back in the depreciation (or depletion or amortization) by line from the IRS tax form. Then, divide the total by 12 to get monthly earnings.

If no return has been filed, the person shall complete a 1040 form of the internal revenue service to determine net earnings or loss, or to anticipate, in the case of relatively new businesses, net earnings as required by the internal revenue service.

Only if the latest income tax return does not accurately reflect actual circumstances because a substantial increase or decrease in business has occurred, the agency shall calculate the self employment income based on anticipated earnings. Agencies shall determine if it is necessary to use anticipated earnings on a case-by-case basis and must document the reasons for using anticipated earnings in the case record.

The IRS tax forms that are used to report self employment income are listed below:

1. Form 1040 – Sole Proprietorship
   a. Schedule C (Form 1040) – Business (nonfarm)
   b. Schedule E (Form 1040) – Rental and Royalty
   c. Schedule F (Form 1040) – Farm Income
   d. Schedule SE (Form 1040) – Social Security Self Employment

2. Form 1065 – Partnership

3. Form 1120 – Corporation

4. Form 1120S – S Corporation

5. Form 4562 – Depreciation & Amortization

These IRS forms are available at DWD's workweb site (http://dwdworkweb/Notespub/bwiforms/1c2.htm) under Multiple Programs:

Self Employment Income

Self employment income sources are:

1. Business: Income from operating a business.

2. Capital Gains: Income from selling securities and other property.

3. Rental: Rental income is rent received from properties owned or controlled. Rental income is either earned or unearned. It is earned only if the owner actively manages the property on an average of 20 or more hours per week. It is unearned when the owner reports it to the IRS as other than self employment income.

   Use "net" rental income (gross rental receipts minus business expenses) in the eligibility determination.

   When the owner isn't an occupant, "net" rental income is the rent payment received minus the interest portion of the mortgage payment and other verified operational costs.

   When a life estate holder moves off the property and the property is rented, net rental income is the rent payment received minus taxes, insurance and operational costs. The operational costs are the same as the costs the holder was liable for when living on the property.

When the owner lives in one of the units of a multiple unit dwelling, compute net rental income as follows:

a. Add the interest portion of the mortgage payment and other operational costs common to the entire operation.

b. Multiply the number of rental units by the total in Step 1.

c. Divide the result in Step 2 by the total number of units, to get the proportionate share.

d. Add the proportionate share to any operational costs paid that are unique to any rental unit. This equals total expenses.

e. Subtract total expenses from the total rent payments to get net rent.

4. Royalties:

Royalty income is income received for granting the use of property owned or controlled, usually a patent or copyrighted material or a natural resource. The right to income is often expressed as a percentage of receipts from using the property or as an amount per unit produced. Royalty income is always unearned income.

Anticipated Earnings

The Self Employment Income Report Form (SEIRF) simplifies reporting income and expenses when earnings must be anticipated. It is modeled after IRS Form 1040, Schedule C, and can be used to report income for any type of business with any form of organization. However, some, especially farm operators, may find it easier to complete the IRS tax form when income and expense items are more complex.

To compute anticipated earnings, the person must complete a SEIRF for those months of operation since the change in circumstances occurred (the beginning of a business is considered a change of circumstances). S/he may complete the SEIRF for each month separately or aggregate the months on one SEIRF.

1. For 6 or more months of operation since the change, calculate monthly average income and use it for the rest of the year.

2. For changes in months 1 through 5, calculate monthly average over 6 months of operation.

3. For less than 1 month of operation since the change, the person must estimate income and expenses for the next 2 months on a SEIRF. Divide the estimate by 2 to get monthly income for the first 2 months. Next, calculate the cumulative monthly average over 6 months of operation.

Whenever self employment income is anticipated, agencies must inform the families that if their anticipated self employment income changes they must inform the agency so that a new estimate can be computed. Agencies may want to give a copy of the calculation of the estimated income, based on SEIRF(s), to the family so that they are aware of what was used to determine anticipated self employment income.
Remember, for child care authorization purposes a new authorization should be created when a family's income increases by $250 or more or decreases by $100 or more. So, if the family's self employment anticipated income increases by $250, with no other financial changes, and

the change is not reported to the agency, there may be a child care overpayment.

Self Employment Assets

Business assets may be income producing property that is directly related and essential to producing goods and services, bank accounts or vehicles. Effective March 1, 2000, there is no longer an asset test for child care eligibility, so there does not need to be a distinction between regular assets and self employment related assets. See the section of this Operations Memo that discusses the budget change that eliminated the asset test for child care eligibility for further information.

Implementation of Using the Net Self Employment Income

Effective March 1, 2000, child care self employment income will be determined in the same way as it is for Medical Assistance and Food Stamps. Hence, allowable expenses will be determined by subtracting the disallowed expenses, entered on ANSE, from the gross expenses. Then, the allowable expenses will be subtracted from the gross income to get the adjusted self employment income. If the expenses exceed the gross receipts, the self employment income will be zero. Those additional expenses, that exceed the gross receipts will not be subtracted from other earned income in the household.

```
AFSE                              SELF-EMPLOYMENT                        03/10/00 10:32

CASE: 5700169258                                        WORKER: XCT918    XCTE89   HY D
LAST UPDATED: 03 10 00                         CASE STATUS: OPEN    CASE MODE: ONGOING
NUM: 01 NAME: ELLIE          CAT                                     SSN: 398 88 7687

DC: __  BEGIN MMYY: 0300   END MMYY: ____
SEQ NUM: 001  TYPE: CF CRAFTS                     SELF MANAGED? (Y/N): Y
   MONTHLY HOURS: 100  VR: AF               NUMBER OF MONTHS FOR AVERAGE: 01
     INCOME DISCONTINUED: N                    DATE LOSS OF INCOME REPORTED: __ __ __

     GROSS INCOME VR    GROSS EXPENSES VR     DISALLOWED EXPENSES
       2000.00     AF     900.00        AF        500.00
      __________  __    __________  __       __________
      __________  __    __________  __       __________
      __________  __    __________  __       __________
      __________  __    __________  __       __________
      __________  __    __________  __       __________

--------------------------------INDIVIDUALS------------------------------------
 01 ELLIE C (PP )   02 RASCA C (DAU)   03 CYRAN C (NIE)
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Example: In the above case, the gross self employment income is $2000.00 a month. The gross expenses are $900.00 a month and $500.00 of the expenses are disallowed. So, the allowable expenses are $900 minus $500, which equals $400 a month. The adjusted self employment income is $2000 minus $400, which equals $1600 a month. Therefore, in this example, $1600 of adjusted gross self employment income will be counted in the gross income test for child care eligibility.

The individual and family budget screens (ECII, ECGT) have been changed to more easily identify self employment income. Three new rows have been added: gross self employment income, self employment allowable expenses and gross adjusted self employment income. These new rows will be used for all cases that have self employment income to more easily identify how the gross adjusted self employment income is calculated. The family's (ECGT) and individual's (ECII) gross income will be separated into self employment income, earned income and unearned income so that workers can distinguish each income type. A screen print of the new ECGT is in the above section about the change in the initial eligibility income limit. The following screen print of ECII shows these changes.

```
ECII                    CHILD CARE INDIVIDUAL INCOME                03/10/00 11:26

 CASE: 5700169258   CAT: CC   SEQ: 01               WORKER: XCT918      XCTE89 HY D
 DETERMINATION DATE: 03 12 00   AG STATUS: OPEN   ELIGIBILITY STATUS: PASS
 ELIGIBILITY PERIOD BEGIN DATE:  03 01 2000
 ELIGIBILITY PERIOD END DATE  :  03 31 2000

        NAME:  ELLIE              CAT                           SSN 398  88 7687
         PARTICIPATION STATUS:   EA   ELIGIBLE ADULT
        BUDGETING CYCLE:  PROSPECTIVE    BUDGETING MONTH: MONTH 2

              GROSS SELF EMP. INCOME:   +  2000.00
                 SELF EMP. ALLOW EXPS:   -   400.00
          ADJ. GROSS SELF EMP INCOME:        600.00
                GROSS EARNED INCOME:   +     00.00
             GROSS UNEARNED INCOME:   +    200.00
              ASSIGNED CHILD SUPPORT:   +      0.00
                        GROSS INCOME:    =  1800.00

NEXT TRAN               PARMS:
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➲ Agencies will have to run eligibility with March 2000 (030100) dates if they want this change to be effective for March 2000. This is because the changes are being made to CARES after adverse action in February. Also, if eligibility for March was run prior to this change (therefore using gross self employment receipts), please run eligibility again for March on or after February 21 and confirm. Existing child care authorizations should then be ended and new child care authorizations be created, with a begin date of 02/27/00 or later, so that the correct income, using adjusted gross self employment income, is used when determining the family copay.

3. DO NOT COUNT THE EARNED INCOME OF DEPENDENTS IN A CHILD CARE ASSISTANCE GROUP

Effective March 1, 2000, the earned income of minor dependents and dependent 18 year olds in a household will not be counted when determining the gross monthly income for the child care assistance group. This means that the earned income of minor dependents and dependent 18 year olds is also not used when determining the family copay. Prior to this change, CARES would include the earned income of all family members in the family's income test (ECGT) and it would be displayed appropriately on each individual's iteration of the individual income screen (ECII), this will no longer occur. The earned income of minor parents that are living with their parents will not be included because they are dependent children.

Implementation

Agencies are encouraged to run eligibility for March 2000, and confirm in CARES for ongoing child care cases with dependent children that have earned income. Agencies have discretion to wait until the family's next review or reported change if they cannot run eligibility on these cases earlier.

➲ Agencies will have to run eligibility with March 2000 (030100) dates if they want the change to be effective for March 2000. This is because the changes are being made to CARES after adverse action in February. If eligibility for March was run prior to this change (therefore using earned income of dependents), please run eligibility again for March, 2000, on or after February 21 and confirm. Existing child care authorizations should then be ended and new child care authorizations be created, with a begin date of 02/27/00 or later, so that the correct income, without earned income of dependents, is used when determining the family copay.

4. CHILD SUPPORT INCOME NOT COUNTED IN THE CHILD CARE INCOME TEST

Effective March 1, 2000, child and family support income that a household receives will not be counted when determining the monthly income of the child care assistance group. This means that the child and family support income is not used when determining the family copayment also. Prior to this change, CARES would include child and family support income in the family's income test (ECGT) and it would be displayed on the appropriate individual's iteration of the income screen (ECII), this will no longer occur. Child and family support income will not be included in the income test for child care.

Maintenance payments to anyone in the family will still be counted.

The following CARES child and family support income types from table TVIN will **not** be counted when determining child care monthly income:

CSCA – Child Support – arrears, not returned
CSCC – Child Support – current, not returned
CSCR – Child Support – current, assigned and returned
CSEP – Child Support – excess payment
CSFC – Child Support – family support, current not assigned and returned
CSFA – Child Support – family support, arrears not returned
CSFR – Child Support – family support, current assigned and returned
CSDR – Child Support – retroactive DEFRA disregard

To be eligible for child care subsidies parents still must cooperate with the child support agency. Also, do not subtract child support paid out of the household to someone outside of the child care assistance group from gross income. These policies have not changed.

Implementation

Agencies are encouraged to run eligibility for March, 2000, and confirm in CARES for ongoing child care cases with child support. Agencies have discretion to wait until the family's next review or reported change if eligibility cannot be run earlier. New child care authorizations should be created once eligibility has been confirmed after February 21 as well, with a begin date of 02/27/00 or later, so that the correct income is used when determining the family copay.

➲ Agencies will have to run eligibility with March 2000 (030100) dates if they want the change to be effective for March 2000. This is because the changes are being made to CARES after adverse action in February. If eligibility for March was run prior to this change (therefore using earned income of dependents), please run eligibility again for March, 2000, on or after February 21 and confirm. Existing child care authorizations should then be ended and new child care authorizations be created, with a begin date of 02/27/00 or later, so that the correct income is used when determining the family copay.

5. ELIMINATION OF THE ASSET TEST WHEN DETERMINING CHILD CARE ELIGIBILITY

Effective March, 2000, an asset test is no longer used to determine child care eligibility. Agencies do not need to collect asset information from families applying for child care or for eligible families that are completing a review for March 2000 child care eligibility or later. Any verified, unverified or unfurnished asset information should not affect child care eligibility for March 2000 or thereafter.

Implementation

Prior to February 21, 2000, when eligibility for March is determined the asset test will be used incorrectly to determine child care eligibility. A list of cases that failed child care eligibility for March because of assets will be produced and sent to agencies in late February. Eligibility for these cases should be rerun with March dates so that the asset test is not used in the child care eligibility determination.

On or after February 21, when running eligibility for March 2000 or later, agencies will not be able to view EEAD. However, when running with dates for months prior to March 2000, the asset test will be used to determine child care eligibility, and the asset test results can be viewed on EEAD.

Agencies should review new applications or cases that are pending with outstanding asset verification items. Eligibility for child care prior to March 2000, still requires the asset information and verification. However, eligibility for the month of March and later does not require asset information or verification, so cases with outstanding asset information and verification items should have eligibility rerun for March 2000, if appropriate.

➲ Agencies will have to run eligibility with March 2000 (030100) dates if they want the change to be effective for March 2000. This is because the changes are being made to CARES after adverse action in February. If eligibility for March was run prior to this change and the child care assistance group failed for any reason related to assets, please run eligibility again for March, 2000, on or after February 21.

6. CHILDREN AGES 13 THROUGH 18 WITH SPECIAL NEEDS ARE ELIGIBLE FOR CHILD CARE

Effective March 2000, children who are aged 13 through 18 who have special needs are eligible for child care subsidies as long as all other financial and nonfinancial criteria are met.

Special needs children are eligible for child care through their 18th birthday. So, eligibility will end the month after his/her 19th birthday. Authorizations for 18 year olds can continue until the Saturday following his/her 19th birthday.

Special Needs is defined as: emotional, behavioral, physical or personal needs that require more than the usual amount of care and supervision for the child's age, as documented by a physician, psychologist, special educator or other qualified professional. A special need includes a developmental disability.

If an agency determines that a child, regardless of age, has special needs that may require a higher reimbursement rate to a child care provider, the Child Care Special Needs field on ANDC should be set to "Y". This is a new field that is specifically created for child care special needs. If a child who is 13 or older has a "Y" in this field, s/he will be eligible for child care if all other eligibility requirements are met. A copy of screen ANDC, with the new Child Care Special Needs field is below.

```
ANDC              INDIVIDUAL DEMOGRAPHICS (3 OF 3)                           03/14/00
10:44
CASE: 0700169601                                   WORKER: XCTE89     XCTE88    HY D
LAST UPDATED: 03 14 00                           CASE STATUS: OPEN     CASE MODE:
ONGOING

              BEGIN ID     SSN   MARITAL  NC TEEN  OFNDR   INTENT  RESIDE  MIGR     CC SP
NUM NAME       MMYY  VR  COOP    STS  VR   PARENT   W/P VR  TO RES    IN  WI  WKR VR   NDS  VR

01 RASCA C    0300    BC    Y       SI  NQ      N        N __      Y        Y       N __       N __
03 KITTY C    0300    BC    Y       SI  NQ      N        N __      Y        Y       N __       N __
02 CALLI C    0300    BC    Y       SI  NQ      N        N __      Y        Y       N __       Y  DS





--------------------------------INDIVIDUALS-------------------------------------
 01 RASCA C (PP )   03 KITTY C (DAU)   02 CALLI C (DAU)


NEXT TRAN: ____    PARMS: 0700169601__________________________________
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Authorizing For 13 Through 18 Year Old Children With Special Needs.

All children, including those that are 13 through 18, with the CC special needs switch set to "Y" on ANDC and are otherwise eligible for child care will be displayed on CCAC after child care eligibility is confirmed. If the child care provider requests a higher reimbursement rate for the special needs child, agencies should enter the appropriate rate in the payment rate field on CCAC, and set the Special Needs indicator on CCAC to "Y". If a special needs rate is not entered on CCAC for a child who has been indicated as special needs on ANDC, an edit will remind the authorizing worker that the child is indicated as special needs on ANDC. If there is not a higher payment rate for a child indicated as special needs on ANDC, the worker can hit <enter> to have CCPS calculate the payment to the child care provider.

Implementation

The new child care special needs field on ANDC is a mandatory field for all individuals. The first time that this screen is accessed after February 19, 2000, workers will be required to enter this special needs information and verification field, if appropriate, for all individuals.

If agencies are aware of cases with special needs children, aged 13 through 18, they should contact those families and collect the required information. The child's special needs have to be verified. The agency also needs to determine the number of hours of child care that are needed, the provider that the child is attending and the special rate that the provider is charging to care for the child, if applicable. Then, an authorization can be created for the special needs child.

When authorizing a special needs child who is 13 through 18 years old, the Child Care Payment System (CCPS) will not check if the provider is serving children on screen CCAS over the age of 12. If a manual special needs rate is not entered on CCAC, CCPS will use the provider's rate and the county maximum rate for 2 to 12 year old children if the authorization is to a licensed provider. The county maximum rate for 2 to 12 year old children will be used if the authorization is to a certified provider.

➲ Agencies will have to run eligibility with March 2000 (030100) dates and confirm if there is a special needs child over 13 years old in the household and the family is requesting child care for the special needs child in March 2000. This is because the changes are being made to CARES after adverse action in February.

7. DECREASE THE MAXIMUM COPAY TO 12% OF THE MONTHLY FAMILY INCOME

The child care copayment for families has been reduced so that it does not exceed 12% of the monthly family income. Prior to this change, it could have been up to 15% of the monthly family income. This change, in general, will increase the payment that is made to child care providers on behalf of the parents and decrease the parent responsibility to the child care provider.

Implementation

The new copayment amounts, by FPL percentage, can be viewed in table TCCP with an effective date of February 27, 2000. A mass change will be run that will automatically apply the new copay amounts to all current and future authorizations that exist at that time. The effective date for the mass change is February 27, 2000. So, any authorizations that are created after that date will use the new copay amounts.

After the mass change, notices will be mailed to parents and providers. The providers' notices will list all of the children that are authorized to that location and the new payment rate for each child. Each child whose rate of pay to the provider is not changed will have an asterisk next to his/her name. The provider notices can be viewed as an EOS report, the number of that report will be communicated shortly before or after this mass change. Included with this operations memo is a new copay schedule.

8. PART TIME COPAY FOR AUTHORIZATIONS TOTALING 20 HOURS OR LESS

Effective by March 2000, children that are authorized for a total of 20 or fewer hours a week will be assessed one half of their share of the copay when determining the provider payment. This is a complicated change to CCPS that will be available for use in CCPS on February 21, 2000. Children with part time authorizations that are created on or after this date will have authoriza-tion payment amounts that reflect the use of one half of the child's share of the copay. The Child Care Payment System (CCPS) will add up all of the hours that a child is authorized each week to determine if an authorization is considered part time or full time.

Example: Dave has two children, Kathy and Laura, that are eligible and authorized for child care. Dave's next review is due in June 2000. Currently, both Kathy and Laura are authorized to Disney Day Care for 15 hours a week. Kathy is also authorized for an additional 10 hours of care to her Aunt Ellie, a certified child care provider.

Laura is authorized for a total of 15 hours a week, so a part time copay is used to determine her weekly provider payment amount. Kathy is authorized for a total of 25 hours a week (15 to Disney + 10 to her Aunt Ellie), so the full time copay amount is used to determine her weekly provider payment.

Implementation

If an authorization is determined to be part time, CCPS will determine the provider payment by calculating a new adjusted agency payment (adj agcy paymnt) on CCQR/CCQZ to determine the provider payment amount. For part time authorizations, the part time copay is one-half of the child's share of either the standard or the adjusted copay amount. For part time authorizations, the adjusted agency payment amount field will display the full weekly amount minus one half of the adjusted copay or one half of the standard copay amount.

Please note that if there is a part time authorization neither the standard family copay amount field nor the adjusted family copay amount field will change to reflect the part time copay amount. Instead, the part time copay amount can be derived by multiplying the percentage of the full cost (% full cost) of the part time copay by the standard or the adjusted copay amount. Then, divide that amount by 2.

The system will determine if the standard or the adjusted copay amount is used as it did before these changes. If all children that are authorized for child care have a copay type that uses the minimum copay (THS, KIN, FOS) then the adjusted copay will reflect the appropriated minimum copay. If there is a part time authorization, one half of the minimum copay amount, as displayed in the adjusted copay amount field, would be used. If there is a mix of copay types that use the minimum copay type and the regular (reg) copay type, the standard family copay will be used.

Then, one half of the standard copay would be used for a part time authorization.
The adjusted agency payment will then be multiplied by the percentage of the full cost to determine a weekly payment, for enrollment based authorizations. The weekly payment will be divided by the hours authorized (for attendance based authorizations) to determine the hourly rate, with 10% added on for attendance based authorizations to licensed providers and authorizations to accredited providers.

Because it may be difficult to determine the actual family copay after these changes a new field has been added to CCQR/CCQZ. The actual family copay field has been added to identify the family's actual copay amount. This field will add up all of the children's copays, including the correct part time copay amount(s). It was added because otherwise agencies would have to derive each child's copay amount using the method described above.

The actual family copay field (ACT. FMLY COPAY) is calculated by summing up all of the individual copay amounts. For full time authorizations, the individual copay amount is determined by multiplying the percentage of full cost (% full cost) by either the standard or the adjusted family copay. For part time authorizations, the individual copay is determined by multiplying the percentage of full cost (% full cost) by one half of either the standard or the adjusted family copay.

```
CCQR                  QUERY PROVIDER PAYMENT RATE CALCULATION        01/24/00  11:31

CASE: 9000299390                                                     XCT918    HY D
PRIMARY PERSON NAME: TIGERESS      WOODS                   UPDATED DT: 01 24 2000
FAMILY SIZE : 03   INCOME: 1300.00   AUTH BEGIN: 01 23 2000      AUTH END: 07 01 2000

CHILD NAME      DOB       PROVIDER                  A R  AU A  HRLY  BEGIN   WKLY   PRV
WK
                          NUMBER     LN   CATG CTY C  L  HR T  RATE  REIMB  CEILNG PRICE
TIGER WOODS   01/01/92  0000555710  25   LGRP  40   N N  40  E  5.47   218.80  164.00  158.00
HEIDI  WOODS  01/01/96  0000555710  25   LGRP  40   N N  20  E  5.47   109.40  164.00  158.00



FULL WEEKLY AMT   STD. FMLY COPAY   ADJ. FMLY COPAY   AGENCY PAYMNT  ACT.FMLYCOPAY
    267.40             32.00              32.00            241.94            25.46
 CHILD NAME LOWEST    ADJ.    % FULL   ADJ AGNY  WEEKLY   HOURS BEG     10% INC
             WK AMT   WK AMT   COST   PAYMNT   PAYMNT        RATE     HRLY RT
TIGER WOODS 158.00 /  267.40 =     59.09 X  235.40 = 139.09 /    =       =
HEIDI  WOODS  109.40 /  267.40 =     40.91 X  251.40 = 102.85 /    =       =
            /        =        X        =        /    =       =
            /        =        X        =        /    =       =
            /        =        X        =        /    =       =
PFKEYS:  13=CCAC   14=CCAH

NEXT TRAN: ____     PARMS: 9000299390/012300/070100/0001_______________
```

Prior to this change, the adjusted agency payment field was always the same for each child listed on this screen. After this change, the field will not be the same for each child listed. If there is a part time authorization, the amount in this field will equal the full weekly payment minus one half of either the standard or the adjusted family copay amount, depending on the copay type that was used for each child.

Example: In the above screen print, there are two children authorized for child care, one for full time care (Tiger) and one for 20 hours of care (Heidi). As stated above, the adjusted agency payment field has different amounts for each child because there are both full and part time authorizations. The actual family copay adds up all of the actual copays for each child and will not equal the standard family copay or adjust family copay when there are both full and part time authorizations for children in the same family.

For each child, the **adjusted agency payment** is calculated as follows:
Tiger/Full Time–the full weekly amount minus the standard family copay (267.40 – 32 = **235.40**)
Heidi/Pt Time–the full weekly amount minus ½ the standard family copay (267.40 – 16 = **251.40**)

The **actual family copay** is calculated by adding up the individual copays for each child, the calculation of the actual copay for each child is determined as follows:
Tiger – the standard family copay multiplied by the % full cost (32.00 * .5909 = 18.91)
Heidi – the standard family copay multiplied by the % full cost divided by 2 ((32*.4091)/2 = 6.55)
Actual family copay = 18.91 + 6.55 = **25.46**

Mass Change Impact

During the mass change on February 26, all current and future authorizations will be updated with the new copay amounts. At this time, current and future authorizations for children who are authorized for 20 or fewer hours will also be recalculated, using the new part time copay amount and a begin date of February 27, 2000.

So, agencies do **not** have to manually end existing authorizations for children with 20 or fewer hours and create new authorizations so that the part time copay is used. The mass change that will be run on February 26, 2000, will automatically do this for you. Since this logic will be implemented in CCPS on February 21, all authorizations that are created on or after this date will incorporate the new part time copayment logic in CCPS.

MILWAUKEE ONLY

For Milwaukee County cases only, the Public School Provider (PSP) copay type that is used for children attending MPS before and after school care will no longer be able to be used for authorizations for 20 or fewer hours. Instead use the appropriate copay type (i.e. REG, FOS, KIN, THS, FST, LNF or WWE) and CCPS will calculate the copay using one half of either the standard or the minimum copay.
Use the PSP copay type **only** for authorizations to MPS for more than 20 hours. CCPS will not allow workers to use the PSP copay type for authorizations greater than 20 hours to MPS.

9. MINIMUM COPAYMENT FOR THE FIRST MONTH OF UNSUBSIDIZED EMPLOYMENT FOR A W-2 PARTICIPANT.

Effective by March 2000, a new copay type has been created to ensure that W-2 participants that have just left a subsidized W-2 employment position for unsubsidized employment have an additional month of using the minimum copay to determine the child care provider payment.

The new copay type is Wisconsin Works Ended or (WWE). It can be found in CARES table TCCO. It should be used only when a W-2 employment position participant is no longer in that W-2 employment position and has left that position for unsubsidized employment. When a participant leaves a W-2 employment position for unsubsidized employment s/he should have the minimum copay used to determine the child care provider payment for one month. CCPS will not allow an authorization with a copay type of WWE to extend beyond 5 weeks.

Authorizing workers will begin receiving a new alert that is intended to inform them that the WWE copay type may be applicable. The alert is generated when either full or part time employment is entered for a participant that has been either referred to or enrolled in work programs at the W-2 agency. Authorizing workers that get this alert should work with the FEP to determine if the client has left a W-2 employment position for unsubsidized work. This alert will not be generated every time a participant that was enrolled in a W-2 employment position has gone into unsubsidized employment which is why communication between the FEP and the authorizing worker is essential.

There is no replacement for good communication between a FEP and an authorizing worker on a case. Agencies are strongly urged to develop a communication strategy between FEPs and authorizing workers that ensures that all participants that need child care and advance from a W-2 employment position to unsubsidized employment benefit from this new policy.

Implementation

If agencies are aware of cases with W-2 participants that have moved into unsubsidized employment in the month of February 2000, the authorizing worker should be contacted so that all of the authorizations for that case are ended and new authorizations are created using the WWE copay type. In order to benefit from this copay type, the participant's new employment information must be verified. Even if the case will close due to excess income from the new employment, the WWE copay type should be used for any authorizations that exist prior to child care eligibility ending.

This new copay type should be used for all authorizations to all children of parents that have gone from a W-2 employment position to unsubsidized employment. CCPS will not allow other regular (reg) copay types to exist concurrently with a WWE copay type to ensure that the minimum copay is used for all children with authorizations in the case.

Remember that when a case is closing for financial reasons, like excess income, the child care authorizations for all children in the household should end the first Saturday in the month following the last month of eligibility or the last day of the last month of eligibility, if it is a Saturday.

Example: Kelly has one child that is receiving child care subsidies and was in a Community Service Job. After adverse action in January 2000, Kelly finds out that she will be employed by Happy Faces, Inc. She informs her FEP that she will be working full time at Happy Faces, Inc. on the same day. Her monthly income is entered in CARES effective February 2000, is $3000. Since it is after adverse action, her child care eligibility will end February 29, 2000. The FEP informs the authorizing worker that Kelly is no longer in a CSJ and of her new job at Happy Faces, Inc.. The authorizing worker ends the current authorization on Kelly's case and creates a new authorization from January 30, 2000 to March 4, 2000 with the copay type WWE.

TRAINING AND TRAINING MATERIALS

Child Care New Policy and Refresher one day training sessions have been scheduled throughout the state. The Office of Child Care strongly recommends this training! If you have not already signed up or have not received the training announcement, contact your Regional Training Manager.
Pro Shop training materials that were created for the child care budget changes are attached to this Operations Memo and are also available on the web at:

http://www.dwd.state.wi.us/destrain/proshop/prohome.htm

CONTACTS

Questions about any of these changes should be directed to the Child Care Help Desk at (608) 261-4580.

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The Pro Shop
DES/BFS Training Section

Renewing Your Skills in Just 10 Minutes per Month

Child Care Policy Changes

The Governor mandated several child care changes in the 1999-2001 Wisconsin State Budget that was signed Wednesday, October 27, 1999. There are two phases for child care changes in the budget. Phase I changes were effective immediately as identified in Operations Memos 99-81 and 99-82 while Phase II changes are effective March 1, 2000. Ops Memo 00-04 introduces the changes in child care eligibility and authorizations as well as the corresponding changes in CARES. You may want to review the policy changes and new copay chart as described in Ops Memo 00-04 prior to completing the questions in this month's issue of *The Pro Shop.*

1. Effective March 1, 2000, adjusted gross earnings will be used when determining the financial eligibility of self-employed families. How are adjusted gross earnings determined?

   ____

   ____

   How are anticipated earnings computed and when should they be used? ____________

   ____

   ____

2. Effective March 1, 2000, child and family support income that a household receives will **not** be counted when determining the monthly income of the child care assistance group. List 4 of the 8 CARES child and family support income types that will **not** be counted when determining child care monthly income. ________________________________

   ____

   What happens to maintenance payments? ________________________________

   ____

3. When does child care eligibility end for children with special needs? ________________

   ____

   Describe the CARES process to reimburse a child care provider at a higher rate when caring for children with special needs. ________________________________

   ____

The Two-Minute Drill

4. Heidi has two children, Staci and Paula, that are eligible and authorized for child care. Heidi's next review is in May 2000. Currently, Staci is authorized for 10 hours and Paula 20 hours a week for Kiddie Kollege Day Care. Staci is also authorized for an additional 20 hours of care at Ms. Popins, a certified child care provider. What type of copay will be used to determine Paula's weekly provider payment amount and why? ______________

   ____

What type of copay will be used to determine Staci's weekly provider payment amount and why?

____

____
_

Policy Reference	Answers and Comments	Score
Question 1 OM 00-04 Pages 2-4	Adjusted gross self employment income is determined by subtracting allowable self employment expenses. NOTE: Examples of expenses that are **not** allowable are: depreciation expenses, personal business and entertainment expenses, personal transportation costs, capitol equipment purchases and loan principal payments. Anticipated earnings should be used on a case-by-case basis and must be supported by case comments. To compute anticipated earnings, complete a SEIRF for those months of operation since the change in circumstances occurred. • For 6 or more months of operations since the change, calculate monthly average income and use it for the rest of the year • For changes in months 1 through 5, calculate monthly average over 6 months of operation. • For changes in less than 1 month of operation, the person must estimate income and expenses for the next 2 months on a SEIRF. Divide the estimate by 2 to get monthly income for the first 2 months and calculate the cumulative monthly average over 6 months of operation. If there was **no** change in circumstances, tax returns from the previous year should be used.	
Question 2 OM 00-04 Page 7	The following CARES child and family support income types from table TVIN will **not** be counted when determining child care monthly income: CSCA, CSCC, CSCR, CSEP, CSFC, CSFA, CSFR, and CSDR. Maintenance payments to the family will still be counted.	
Question 3 OM 00-04 Pages 9-10	Special needs children are eligible for child care through their 18th birthday with eligibility ending the month after their 19th birthday. Authorizations for 18 year olds can continue until the Saturday after their 19th birthday. Agencies need to key "Y" in the Child Care Special Needs field on CARES screen ANDC. To reimburse a provider at a higher rate for a special needs child, agencies should enter the appropriate rate in the payment rate field on CCAC, and set the Special Needs indicator on CCAC to "Y".	
Question 4 OM 00-04 Page 11	Effective March 2000, children that are authorized for a total of 20 or fewer hours a week will be assessed one half of the regular copay when determining the provider payment. Paula, authorized for 20 hours a week, has a part-time copay to determine her weekly provider payment amount. Staci, authorized for 30 hours a week, has a full-time copay to determine her weekly provider payment amount.	

Conference Standings

28	**21**	**14**	**7 or below**
Superbowl Champ!	Conference Champ	Division Champ	Wildcard Hopeful